

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0225P

Gross and Adjusted Gross Income Tax

Calendar Years Ended 12/31/93, 12/31/94, 12/31/95, 12/31/96, and Fiscal Year 07/31/97

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is incorporated in Delaware and maintains a sales office in Indiana. Upon audit, it was discovered that the taxpayer failed to file income tax returns with the Indiana Department of Revenue.

In a letter dated April 15, 1999, taxpayer requests the department waive the penalties.

1. **Tax Administration** –Penalty

DISCUSSION

Taxpayer was assessed a penalty for failure to file Indiana Income Tax returns and report Indiana Sales in gross income.

Taxpayer states it did not believe that it had income tax nexus in Indiana and, although it was aware that a salesman was located in Indiana, it believed his activities were protected under P.L. 86-272.

The issue addressed in the audit is clear in the Indiana Code and Regulations. The taxpayer was negligent in not making itself familiar with the code and regulations. In addition, taxpayer was reporting

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to many other states and their workpapers clearly show Indiana rent expense and payroll.

FINDING

Taxpayer's protest is denied.

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